

**MANISTEE COUNTY LIBRARY**  
**REPORT ON FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Manistee County Library</b>	County <b>Manistee</b>
Audit Date <b>9/30/05</b>	Opinion Date <b>11/2/05</b>	Date Accountant Report Submitted to State: <b>1/17/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

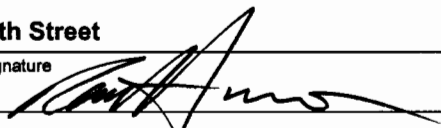
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Harris Group, Certified Public Accountants</b>			
Street Address <b>1107 E. 8th Street</b>		City <b>Traverse City</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49686</b>	Date <b>1/17/06</b>

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Certified Public Accountants

***INDEPENDENT AUDITORS' REPORT***

November 2, 2005

Board of Trustees  
Manistee County Library  
Manistee, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Manistee County Library as of and for the year ended September 30, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Manistee County Library as of September 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2005 on our consideration of Manistee County Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The managements discussion and analysis and required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*HARRIS GROUP*  
Certified Public Accountants

**Manistee County Library  
Management Discussion and Analysis  
For the year ended September 30, 2005**

This section of Manistee County Library's annual financial report presents its discussion and analysis of the Library's financial performance during the fiscal year ending September 30, 2005.

**Financial Highlights**

When the budget was drafted, the revenue was estimated on a conservative basis with the expenditures being estimated on a liberal basis. Actual penal fine revenue was significantly higher on the fund statements due to a classification error at the county level in the prior fiscal year. A grant was received from the local Revenue Share Board to expand the current parking lot with completion of the new parking lot project being approximately 80 percent at fiscal year end. The Arcadia branch computer systems were upgraded. Friends of the Library made a donation of \$3,500 to be used for children's books

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Library.

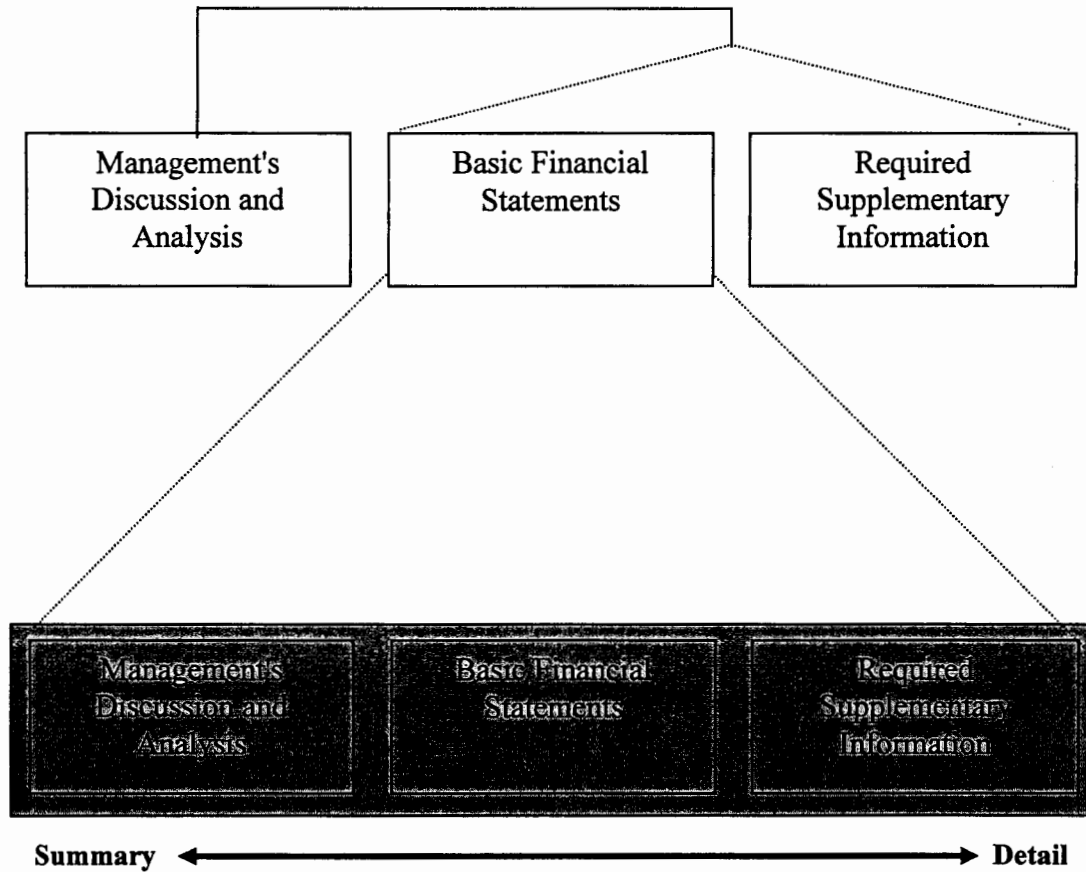
- The first two statements are *Library-wide financial statements* that provide both *short-term* and *long-term* information about the Library's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Library, reporting the Library's operations in more detail than the Library-wide statements.
- The *governmental funds statements* tell how basic services were financed in the short term as well as what remains for future spending.
- Capital Projects Funds statements provide information about capital projects during the year.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Library's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Manistee County Library  
Management Discussion and Analysis  
For the year ended September 30, 2005**

**Figure A-1**

***Organization of Manistee County Library Annual Financial Report***



**Manistee County Library  
Management Discussion and Analysis  
For the year ended September 30, 2005**

**Library-wide Statements**

The Library-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Library-wide statements report the Library's *net assets* and how they have changed. Net assets - the difference between the Library's assets and liabilities - is one way to measure the Library's financial health or *position*.

- Over time, increases or decreases in the Library's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Library's overall health, you need to consider additional non-financial factors such as changes in the Library's property tax base and the condition of buildings and other facilities.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the Library's funds, focusing on its most significant or "major" funds: not the Library as a whole. Funds are accounting devices the Library uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law.
- The Library establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The Library has one kind of fund:

- *Governmental funds*: Most of the Library's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the Library-wide statements, this report includes reconciliation schedules that explain the relationship (or differences) between the Library-wide Statements and the Fund Financial Statements.

**Manistee County Library  
Management Discussion and Analysis  
For the year ended September 30, 2005**

**Financial Analysis of the Library as a Whole**

Net assets. The Library's *combined* net assets were \$1,084,921 on September 30, 2005, a decrease of 0.66% from the prior year. Figure A-2 illustrates the valuation of net assets on September 30, 2005.

**Figure A-2**

*Condensed Statement of Net Assets*

	<u>9/30/05</u>	<u>9/30/04</u>
<b>Assets</b>		
Current	\$ 442,979	\$ 594,691
Non-Current	952,141	902,886
	<u><b>\$ 1,395,120</b></u>	<u><b>\$ 1,497,577</b></u>
<b>Liabilities</b>		
Current	\$ 227,167	\$ 389,316
Non-Current	70,532	16,118
	<u><b>310,199</b></u>	<u><b>405,434</b></u>
<b>Net Assets</b>		
Invested in capital assets, net of assets, net of related debt	883,648	902,886
Unrestricted	201,273	188,807
	<u><b>1,084,921</b></u>	<u><b>1,092,143</b></u>
<b>Liabilities and Net Assets</b>	<u><b>\$ 1,395,120</b></u>	<u><b>\$ 1,497,577</b></u>

The Library's decline in financial position is the product of many factors. The increase in branch expenditures and the decline in various revenues.

Changes in net assets. The Library's total expenditures of \$1,292 thousand surpassed revenues, decreasing net assets by \$7,222 (see Figure A-3).

The Library's \$1,292 thousand of expenses are predominantly related to personnel (64.7 percent).



**Manistee County Library  
Management Discussion and Analysis  
For the year ended September 30, 2005**

**Figure A-3**

**Changes in Net Assets from Operating Results**

	<u>2004-05</u>	<u>2003-04</u>
<b>REVENUES:</b>		
Property taxes	\$ 863,308	\$ 780,921
Penal fines	286,430	303,565
State aid	27,728	25,940
Contributions	70,323	44,263
Interest income	13,984	5,212
Fines	7,801	9,105
Book sales	6,151	3,630
Other services	9,150	7,725
	<u>1,284,875</u>	<u>1,180,361</u>
<b>EXPENDITURES:</b>		
Salaries and fringe benefits	836,766	794,985
Supplies	10,459	16,389
Professional and contractual services	73,245	86,392
Branch expenses	94,408	106,224
Conferences, workshops and travel	6,389	6,173
Utilities	56,985	47,429
Building repairs and maintenance	25,005	30,227
Depreciation	171,239	146,398
Other expenditures	17,601	5,233
	<u>1,292,097</u>	<u>1,239,450</u>
<b>OTHER EXPENDITURES:</b>		
Contribution to MCCF Endowment fund		(50,000)
		<u>(50,000)</u>
<b>Increase (decrease) in Net Assets before Extraordinary Item</b>	<u>(7,222)</u>	<u>(109,089)</u>
<b>EXTRAORDINARY ITEM:</b>		
Impairment gain on fire damaged capital assets, net of insurance proceeds		60,685
		<u>60,685</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ (7,222)</u>	<u>\$ (48,404)</u>

**Financial Analysis of the Library's Funds**

The strong financial performance of the Library as a whole is not reflected in its governmental funds. As the Library completed the year, its governmental funds reported combined fund balances of \$147,319.

**Manistee County Library  
Management Discussion and Analysis  
For the year ended September 30, 2005**

**General Fund Budgetary Highlights**

Over the course of the year, the Library revised the annual operating budget once. The significant items causing budget adjustments are enumerated below.

Higher than expected revenue from penal fines  
Lower than expected contributions  
Higher capital outlay costs.

Although the Library's final budget for the general fund anticipated that expenditures would exceed revenues by \$44,769, the actual results for the year show a \$14,054 deficit. The chart presented in Figure A-4 compares the general fund budgeted and actual expenditures, primarily by object.

**Figure A-4**

***General Fund Expenditures - Budget versus Actual***

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Salaries and Benefits	\$ 851,438	\$ 838,345	\$ 13,093
Supplies	12,560	10,459	2,101
Library books and materials	141,928	141,504	424
Professional and Contractual Services	74,920	73,245	1,675
Branch Expenses	97,600	94,408	3,192
Conferences, Workshops, and Travel	6,400	6,389	11
Utilities	59,050	56,985	2,065
Building Repairs and Grounds	23,913	25,005	(1,092)
Capital Outlay	81,468	77,871	3,597
Other Expenditures	18,294	18,696	(402)
	<u>\$ 1,367,571</u>	<u>\$ 1,342,907</u>	<u>\$ 24,664</u>

**Manistee County Library  
Management Discussion and Analysis  
For the year ended September 30, 2005**

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of 2005, the Library had invested \$2.22 million in a broad range of capital assets, including buildings improvements, books, computer and audio-visual equipment. Total depreciation expense for the year exceeded \$171,000. Figure A-5 details the historical costs, accumulated depreciation, and book value of the Library's capital assets.

**Figure A-5**

*Statement of Capital Assets*

	<u>Beginning of year</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>End of year</u>
Leasehold improvements	\$ 197,654	\$ 60,772	\$	\$ 258,426
Furniture and fixtures	113,489	9,301		122,790
Computer and related equipment	131,794	28,474		160,268
Library Books	<u>1,589,160</u>	<u>121,947</u>	<u>28,098</u>	<u>1,683,009</u>
	<u>\$ 2,032,097</u>	<u>\$ 220,494</u>	<u>\$ 28,098</u>	<u>\$ 2,224,493</u>
Accumulated Depreciation	<u>1,129,211</u>	<u>171,239</u>	<u>28,098</u>	<u>1,272,352</u>
Net capital assets	<u>\$ 902,886</u>	<u>\$ 49,255</u>	<u>\$</u>	<u>\$ 952,141</u>

**Factors Bearing on the Library's Future**

At the time these financial statements were prepared and audited, the Library was aware of two circumstances that could significantly affect its financial health in the future:

- Property Tax Millage will come up for renewal in 2006
- The current facilities will need major capital improvements and maintenance within the next five years

**Contacting the Library's Financial Management**

This financial report is designed to provide the Library's citizens, taxpayers, customers with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Manistee County Library Business Office, 95 Maple Street, Manistee, Michigan.

**Basic Financial Statements**

**MANISTEE COUNTY LIBRARY  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2005**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 400,948
Restricted cash	17,166
Receivables:	
Accounts	3,165
Penal fines	18,806
Interest	2,894
	<hr/>
Total current assets	442,979
	<hr/>
Noncurrent assets:	
Capital assets	2,224,493
Less: accumulated depreciation	(1,272,352)
	<hr/>
Total noncurrent assets	952,141
	<hr/>
	\$ 1,395,120
	<hr/>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable	\$ 95,783
Current portion of promissory note payable	12,500
Accrued expenses	131,384
	<hr/>
Total current liabilities	227,167
	<hr/>
Long-term debt, less current portion	70,532
	<hr/>
Total liabilities	310,199
	<hr/>
Net assets:	
Invested in capital assets, net of related debt	883,648
Unrestricted	201,273
	<hr/>
Total fund balances	1,084,921
	<hr/>
	\$ 1,395,120
	<hr/>

The notes to the financial statements are an integral part of this statement.

**MANISTEE COUNTY LIBRARY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Functions/Programs	Expenses	Program Revenues		Net (expenses) And changes in Net assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Total
Governmental activities:	\$ 1,292,097	\$ 16,951	\$ 98,051	\$ (1,177,095)
<b>General revenues:</b>				
				863,308
Property taxes, levied for general purposes				286,430
Penal fines				13,984
Interest and investment earnings				6,151
Gains on sale of capital assets				
Total General revenues				1,169,873
CHANGES IN NET ASSETS				(7,222)
Net assets -- beginning of year				1,092,143
Net assets -- end of year				\$ 1,084,921

The notes to the financial statements are an integral part of this statement.

**MANISTEE COUNTY LIBRARY  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2005**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 394,067	\$ 6,881	\$ 400,948
Restricted cash	17,166		17,166
Receivables:			
Accounts	3,165		3,165
Penal fines	18,806		18,806
CD interest	2,894		2,894
	<u>\$ 436,098</u>	<u>\$ 6,881</u>	<u>\$ 442,979</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 95,783	\$	\$ 95,783
Accrued expenses	199,877		199,877
Total liabilities	<u>295,660</u>		<u>295,660</u>
Fund balances:			
Reserved for:			
Capital projects		6,881	6,881
Unreserved:			
Designated:			
TES litigation	15,000		15,000
Short term disability	19,539		19,539
Sick leave	14,237		14,237
Gifts and bequests	48,464		48,464
Undesignated	43,198		43,198
Total fund balances	<u>140,438</u>	<u>6,881</u>	<u>147,319</u>
	<u>\$ 436,098</u>	<u>\$ 6,881</u>	<u>\$ 442,979</u>

The notes to the financial statements are an integral part of this statement.

**MANISTEE COUNTY LIBRARY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2005**

**Amounts reported for governmental activities in the statement of net assets are different because:**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 147,319</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:	
Cost of capital assets	2,224,493
Accumulated depreciation	(1,272,352)
Compensated absences not currently due are included as a liability	<u>(14,539)</u>
<b>Total net assets - governmental activities</b>	<b><u>\$ 1,084,921</u></b>

The notes to the financial statements are an integral part of this statement.



**MANISTEE COUNTY LIBRARY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 855,033	\$	\$ 855,033
Penal fines	333,981		333,981
State aid	27,728		27,728
Contributions	70,323		70,323
Interest income	13,894	90	13,984
Fines	7,801		7,801
Book sales	6,151		6,151
Other services	9,150		9,150
<b>Total revenues</b>	<u>1,324,061</u>	<u>90</u>	<u>1,324,151</u>
<b>EXPENDITURES:</b>			
Salaries and fringe benefits	838,345		838,345
Supplies	10,459		10,459
Library books and materials	141,504		141,504
Professional and contractual services	73,245		73,245
Branch expenses	94,408		94,408
Conferences, workshops and travel	6,389		6,389
Utilities	56,985		56,985
Building repairs and maintenance	25,005		25,005
Capital outlay	77,871		77,871
Other expenditures	18,696	24	18,720
<b>Total expenditures</b>	<u>1,342,907</u>	<u>24</u>	<u>1,342,931</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(18,846)</u>	<u>66</u>	<u>(18,780)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	4,792		4,792
Operating transfers out		(4,792)	(4,792)
<b>Total other financing sources (uses)</b>	<u>4,792</u>	<u>(4,792)</u>	
<b>NET CHANGES IN FUND BALANCES</b>	<u>(14,054)</u>	<u>(4,726)</u>	<u>(18,780)</u>
<b>FUND BALANCES:</b>			
Beginning of year	154,492	11,607	166,099
End of year	<u>\$ 140,438</u>	<u>\$ 6,881</u>	<u>\$ 147,319</u>

The notes to the financial statements are an integral part of this statement.

**MANISTEE COUNTY LIBRARY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Total net change in fund balances – governmental funds	\$	(18,780)
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Decrease in accrual for long-term compensated absences reported as an expenditure in the statement of activities, but not in the fund statements		1,579
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Measurement period for governmental funds is sixty days. Events occurring after sixty are includable in the governmental activities, the following amounts were accounted for in the previous period:

Settlement of a Tax Tribunal Appeal		8,275
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Notice from Manistee County correcting the allocated penal fine income		(47,551)
--	--	----------

Capital outlays to purchase capital assets and books are recorded in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and depreciated over their estimated useful lives as annual depreciation in the statement of activities.

This amount by which capital outlays exceeded depreciation in the period.

	Capital outlays	220,494	
	Depreciation expense	<u>(171,239)</u>	49,255

Change in net assets of governmental activities	\$	<u>(7,222)</u>
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The notes to the financial statements are an integral part of this statement.

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Manistee County Library (the Library) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

**A. Reporting Entity**

Manistee County Library is operated as a Special Revenue Fund and Capital Projects Fund of the County of Manistee. Manistee County Library is located in Manistee, Michigan, with branch libraries on Onekama, Arcadia, Bear Lake, Kaleva and Wellston, Michigan.

In evaluating how to define the Library, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, *The Financial Reporting Entity*.

Based on the application of these criteria, the financial statements of Manistee County Library contain all the funds controlled by the Library's Board as no other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the Library.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Library. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Library has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The library has no responsibility for any fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

The Library reports the following major governmental funds:

The *general fund* is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

The *capital projects fund* accounts for the financial resources to be used for the acquisition of major capital facilities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Property taxes, penal fines, interest and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Library and are recognized as revenue at that time.

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities and Equity**

**1. Cash and investments**

Cash includes amounts in demand deposits and certificates of deposit.

The Library reports its investments in accordance with GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, such as certificates of deposit, and the Library intends to hold the investment until maturity.

State statutes authorize the Library to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Library is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**2. Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

**3. Property Taxes**

Property taxes levied by the Library are collected by Manistee County and periodically remitted to the Library. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Library property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to November 2 are recognized as revenue when collected.

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities and Equity (continued)**

For the year ended September 30, 2005, the Library levied the following amounts per \$1,000 of taxable valuation:

Fund	Mills
General Fund	1.000

**4. Capital Assets**

The furnishings and equipment purchased by the municipalities in which the branch libraries are located are the property of these municipalities unless indicated in the agreements with the municipalities. All other purchases of equipment made and all other assets currently being used by the Manistee County Library are the property of Manistee County. The library has the right to use this equipment as long as the library is in operations.

Capital assets, which include property, plant, equipment are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than \$500 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Library is depreciated using the straight line method over the following estimated useful lives:

Leasehold improvements	20 yrs
Books	7 yrs
Furniture and fixtures	20 yrs
Computer equipment	10 yrs

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities and Equity (continued)**

**5. Compensated Absences**

Prior Library policy permitted employees to accumulate earned unused sick pay benefits. All sick pay is accrued in the government-wide financial statement. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available resources (generally sixty days). Current policy does not allow employees to carryover unused sick pay.

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**7. Fund Balance**

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of assets does not constitute "available spendable resources." The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

**8. Use of Estimates**

The process of preparing general purpose financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Administrator submits to the Board of Trustees a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditure and changes in fund balances – budget and actual – GAAP basis – general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted by the Board of Trustees resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Administrator is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to September 30<sup>th</sup>.

**B. Excess of expenditures over appropriations**

During the year ended September 30, 2005, the Library incurred expenditures in certain budgetary funds which were in excess of amounts appropriated.

Function	Appropriation	Expenditures	Variance
Building repairs and maintenance	\$ 23,913	\$ 25,005	\$ 1,092
Other expenditures	18,294	18,696	402



**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – DEPOSITS, INVESTMENTS AND CREDIT RISK**

Cash and cash equivalents are held separately in the name of the Library by each of the Library's funds.

**Deposits**

At year-end, the carrying amount of the Library's deposits, including certificates of deposits of \$76,147, were \$417,564 and the bank balance was \$431,538 of which \$286,134 was covered by federal depository insurance and \$145,404 was uninsured and uncollateralized. The Library has \$550 in petty cash on hand.

The library has no investments as of September 30, 2005. The library has the following risk disclosures:

*Interest Rate Risk* – The library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* - State statutes authorize the library to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The library is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The library has no investment policy that would further limit its investment choices. As of September 30, 2005, the library has no investments that meet the above criteria.

*Concentration of Credit Risk* – The library places no limit on the amount the district may invest in any one issuer.

**NOTE 4 – BRANCH CONTRACTS**

Manistee County Library has entered into contracts with five local governments to provide locations for branch libraries. Manistee County Library operates the branch libraries within facilities owned and maintained by the governmental unit. All contracts specify reimbursements, renewal and termination procedures. Total expenditures under branch contracts for the fiscal year ended September 30, 2005, were \$94,408. As of September 30, 2005, only three of the five branches have signed contracts.

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – RECEIVABLES**

Receivables at September 30 consist of the following:

	<u>General fund</u>
Accounts	\$ 3,165
Penal fines	18,806
Interest	<u>2,894</u>
	<u>\$ 24,865</u>

Because of the Library's favorable collection experience, no allowance for doubtful accounts has been recorded.

**NOTE 6 – LONG-TERM DEBT**

At September 30, 2005, long-term debt and other long-term obligations currently outstanding are as follows:

Promissory note, payable in annual installments of \$12,500 through March 1, 2015, interest at 2.75%, not fully issued at September 30, 2005	\$ 68,493
Termination benefits	<u>19,539</u>
	<u>\$ 88,032</u>

The annual requirements to amortize long-term obligations outstanding as of September 30, 2005 including interest of \$19,624 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 12,500	\$ 4,156	\$ 16,656
2007	12,500	3,094	15,594
2008	12,500	2,750	15,250
2009	12,500	2,406	14,906
2010	12,500	2,062	14,562
2011 – 2015	<u>62,500</u>	<u>5,156</u>	<u>67,656</u>
	125,000	19,624	144,624
Less amount not issued	(56,507)		(56,507)
Termination benefits	<u>19,539</u>		<u>19,539</u>
	<u>\$ 88,032</u>	<u>\$ 19,624</u>	<u>\$ 107,656</u>

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – LONG-TERM DEBT - continued**

The following is a summary of the changes in long-term liabilities for the year ended September 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental Activities:					
Notes payable:					
Promissory note	\$ 68,493	\$	\$	\$ 68,493	\$ 12,500
Other liabilities:					
Termination benefits	21,118		1,579	19,539	5,000
Total long-term liabilities	<u>\$ 89,611</u>	<u>\$</u>	<u>\$ 1,579</u>	<u>\$ 88,032</u>	<u>\$ 17,500</u>

**NOTE 7 – GOVERNMENTAL FUND TYPE INTERFUND TRANSACTIONS**

Interfund transfers for the year ended September 30, 2005 were as follows:

<u>Fund Transferred Out</u>	<u>Fund Transferred In</u>	<u>Amount</u>
Capital projects fund	General fund	<u>\$ 4,792</u>

Funds were transferred to the general fund to facilitate the purchase of capital assets.

**NOTE 8 – DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS**

Capital asset balances and activity for the year ended September 30, 2005 were as follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>End of year</u>
Leasehold improvements	\$ 197,654	\$ 60,772	\$	\$ 258,426
Furniture and fixtures	113,489	9,301		122,790
Computer and related equipment	131,794	28,474		160,268
Library Books	1,589,160	121,947	28,098	1,683,009
	<u>\$ 2,032,097</u>	<u>\$ 220,494</u>	<u>\$ 28,098</u>	<u>\$ 2,224,493</u>
Accumulated Depreciation	<u>1,129,211</u>	<u>171,239</u>	<u>28,098</u>	<u>1,272,352</u>
Net capital assets	<u>\$ 902,886</u>	<u>\$ 49,255</u>	<u>\$</u>	<u>\$ 952,141</u>

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN**

Manistee County Library employees are covered under the Manistee County retirement program.

Plan Description – Manistee County participates in the Municipal Employees Retirement System of Michigan (MERS), a public employer and employee retirement system. MERS operates as an independent public nonprofit organization. The county retirement system also includes employees of the Sheriff Department and the Medical Care Facility. A separate account is maintained by MERS for these departments. Substantially all employees are covered by the MERS retirement system.

The benefits and conditions outlined below are for general information only.

Mandatory retirement: None

Deferred Retirement: Termination of membership before age 60, other than by retirement or death, after 8 years of credited service. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Right to an allowance is forfeited if a member's accumulated contributions are withdrawn.

Benefits are computed based on a five year average of final compensation multiplied by a factor of 2.5%, multiplied by the number of years of service. Death and disability benefits are also provided. Total contributions made to MERS for the year ended September 30, 2005 was \$67,033.

The funded status of the library's portion of the retirement plan is unavailable.

**NOTE 10 – TRUST FUND BENEFICIARY**

Manistee County Library was designated as an income beneficiary upon the death of a patron on August 31, 1996. As stated in the patron's trust agreement, the first 20 years of income, which will be distributed at least annually, is to be used for capital improvements to any branch library located in Manistee County other than the main branch located in the City of Manistee. Although the monies may be administered through the main branch of the Manistee County Library, the finds should be directed so that the money distributed is segregated from the general funds, being earmarked specifically for branch funding. After the first 20 years from the date of the patron's death, the trust income shall be used for capital improvements of any Manistee County Library branch, including the main branch in Manistee, Michigan. These distributions will continue for the next 69 years, ending August 31, 2086.

**MANISTEE COUNTY LIBRARY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 – CAFETERIA PLAN**

On March 18, 1997, Manistee County adopted a Section 125 Cafeteria Plan effective June 1, 1997. The purpose of the plan is to provide the employees with a choice between cash and benefit coverages under various plans which are maintained by Manistee County. The plan year runs from January 1 to December 31.

**NOTE 12 – CONTINGENT LIABILITY**

In 1996, TES Filer City Station (Tondou) a Manistee County taxpayer, filed a petition with the Michigan Tax Tribunal contesting the 1993, 1994, 1995 and 1996 assessed value, State equalized value and taxable value of its industrial location in Filer Township, Manistee County, Michigan. TES Filer City Station has since contested the tax years 1997-2001. If this appeal is successful, all of the taxing jurisdictions which benefit from tax dollars generated by Tondou will be required to pay back these funds and incur a loss of future revenue.

It has been estimated by the County's Equalization director that the potential revenue payback, depending on the success of the appeal, will result in Manistee County Library returning \$225,943 for the years 1993 through 2001.

As of the date of the financial statements the Tribunal judge had not yet made a ruling in this case.

According to the county administrator, the library owed no additional legal fees for the period ending September 30, 2005.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MANISTEE COUNTY LIBRARY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GAAP BASIS  
YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ 870,000	\$ 851,483	\$ 855,033	\$ 3,550
Penal fines	228,500	337,500	333,981	(3,519)
State aid	28,000	27,728	27,728	
Contributions	88,050	39,325	39,823	498
Interest income	5,350	8,835	13,894	5,059
Fines	8,250	7,610	7,801	191
Book sales	4,200	6,054	6,151	97
Other services	6,625	8,975	9,150	175
<b>Total revenues</b>	<u>1,238,975</u>	<u>1,287,510</u>	<u>1,293,561</u>	<u>6,051</u>
<b>EXPENDITURES:</b>				
Salaries and fringe benefits	849,968	851,438	838,345	13,093
Supplies	15,000	12,560	10,459	2,101
Library books and materials	160,500	141,928	141,504	424
Professional and contractual services	76,900	74,920	73,245	1,675
Branch expenses	92,250	97,600	94,408	3,192
Conferences, workshops and travel	3,000	6,400	6,389	11
Utilities	47,800	59,050	56,985	2,065
Building repairs and maintenance	29,000	23,913	25,005	(1,092)
Capital outlay	68,703	81,468	77,871	3,597
Other expenditures	10,300	18,294	18,696	(402)
<b>Total expenditures</b>	<u>1,353,421</u>	<u>1,367,571</u>	<u>1,342,907</u>	<u>24,664</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(114,446)</u>	<u>(80,061)</u>	<u>(49,346)</u>	<u>30,715</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	11,916	4,792	4,792	
Insurance Proceeds	25,000			
Revenue sharing grant		30,500	30,500	
<b>Total other financing sources</b>	<u>36,916</u>	<u>35,292</u>	<u>35,292</u>	
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ (77,530)</u>	<u>\$ (44,769)</u>	<u>(14,054)</u>	<u>\$ 30,715</u>
<b>FUND BALANCES:</b>				
Beginning of year			154,492	
End of year			<u>\$ 140,438</u>	

\* The Board of Trustees intended to use unrestricted fund balance to make up for the budgeted revenue shortfall.



Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

November 2, 2005

To the Board of Trustees  
Manistee Public Library  
Manistee, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Manistee County Library as of and for the year ended September 30, 2005, which collectively comprise the Manistee County Library's basic financial statements and have issued our report thereon dated November 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Manistee County Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Manistee County Library, in a separate letter dated November 2, 2005.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Manistee County Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specific parties.

*Harris Group*  
Certified Public Accountants





Certified Public Accountants

November 2, 2005

To the Board of Trustees  
Manistee County Library

In planning and performing our audit of the financial statements of Manistee County Library for the year ended September 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Manistee County Library's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

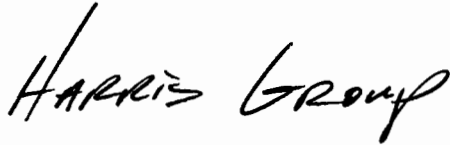
Credit card receipt documentation

As part of our testing, we reviewed documentation supporting credit card charges. We found that in every month there were charges that did not have supporting documentation. The Library should not pay items that do not have the proper support. It is the responsibility of the individual using the credit card to document the charges. The Library needs to make it a practice of requiring all original receipts accompany the credit card invoice before approving the payment of the invoice.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned duties.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Harris Group". The signature is written in a cursive, flowing style.

Certified Public Accountants